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Contacts:

Peg McLeish (317) 327-5543; peg.mcleish@indy.gov

A.J. Deer (317) 327-5493; anthony.deer@indy.gov

Owners of Mexican restaurant chain charged, forfeit \$4.53M
An estimated one quarter of restaurant sales went unreported to state

(Indianapolis, Ind.) Marion County Prosecutor Terry Curry and Tippecanoe County Prosecutor Pat Harrington announced today that three owners of a statewide restaurant chain have been charged with Theft and have agreed to plead guilty to criminal charges related to failure to report accurate sales figures to the state. Francisco Salgado, Jose Melendez and Abel Bustos are alleged to have underreported an estimated \$22.7 million in sales by the El Rodeo Mexican Restaurant and El Jaripeo Mexican Restaurant chain. Under separate civil filings, the defendants have agreed to forfeit \$4.53 million to state and local authorities, including the Indiana Department of Revenue and Marion and Tippecanoe counties.

Salgado and Melendez have each agreed to plead guilty to 10 counts of Theft (D Felonies). Bustos has agreed to plead guilty to two counts of Theft (D Felonies).

"We know that this conduct is widespread. We will continue to investigate leads regarding those businesses which fail to remit sales tax, and we will prosecute those who fail to pay their fair share," Marion County Prosecutor Terry Curry commented. "Businesses that fail to remit the full amount of taxes due are not only neglecting their responsibility as members of their community, they are gaining unfair advantage over those businesses which play by the rules and are ultimately committing a crime."

"This investigation started months before search warrants were executed in November, 2013. It has involved multiple agencies, and the review and audit of a massive amount of financial records. This investigation will serve as a template for future white collar and tax investigation cases," Tippecanoe Prosecutor Pat Harrington added.

In May 2013, the Marion County Prosecutor's Office Grand Jury Division, Tippecanoe County Prosecutor's Office, West Lafayette Police, and Lafayette Police Department began a joint investigation into the business practices of the El Rodeo Mexican Restaurant and El Jaripeo Mexican Restaurant chain operating throughout the state. The investigation targeted 26 restaurants located in Boone, Clinton, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Tippecanoe and Wayne counties.

According to the probable cause affidavit filed in the case, an analysis completed on the restaurants' sales for 2010 through 2012 estimated that more than 25 percent of the sales were not reported to the state. Evidence uncovered in the course of the investigation demonstrated that defendants engaged in a number of methods to conceal and thus underreport cash sales. For example, investigators seized ghost books by way of search warrants which show the willful underreporting of sales. Likewise, undercover investigators observed evidence of cash skimming at the register of restaurants through the use of a calculator instead of the register to calculate bills, making change out of an open cash register drawer, and failing to provide a receipt.

The forfeiture and restitution of \$4.53 million will come from funds previously seized in the course of the investigation. Approximately \$1.86 million will be paid as restitution to the Indiana Department of Revenue for unpaid sales tax and unpaid food and beverage tax, which is comprised of approximately \$1.59 million in unpaid sales tax and \$275,000 in unpaid food and beverage tax to several counties and municipalities, including Marion County.

The remaining balance of will be forfeited between Marion and Tippecanoe counties to be dispersed to various public safety agencies involved in the investigation.

Initial hearings have been set for February 2 at 9:00 a.m. in Marion County Criminal Court 15.

A charge of a crime is merely an accusation, and the defendant is presumed innocent until and unless proven guilty.

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